

House Select Committee on Certificate of Need Process
Timeline of Good Hope Hospital, Inc.'s Efforts to Rebuild Hospital
March 15, 2012

- Spring of 2001, Good Hope Hospital, Inc. (Good Hope) applied for a CON to replace its existing Hospital. CON was issued after Health Regulation Services (HRS) staff commented that it was one of the best applications they had ever reviewed.
- As a condition of HUD financing for Good Hope's replacement hospital, Good Hope was required to obtain approval from the North Carolina Medical Care Commission (NCMCC). NCMCC staff recommended approval. Betsy Johnson Hospital (BJH) representatives were allowed to speak in opposition to Good Hope, stating that Harnett County did not need two hospitals. (Note: Harnett County already had two hospitals, Good Hope operated for decades before Betsy Johnson, the second hospital, was built.)
- Reversing its staff recommendation, NCMCC ruled against Good Hope, but made no findings that the plan was not financially feasible. The Vice Chairman of NCMCC stated that if Good Hope wished to replace its hospital, it should find other financing. (Notes: 1. At the next quarterly NCNCC meeting, Good Hope was denied the right to speak when the NCNCC approved Betsy Johnson's right to obtain HUD financing for its project. 2. Betsy Johnson consultant's notes (obtained later through discovery) disclosed that Robert Fitzgerald, a NCNCC member and then Director of the Division of Facility Services, expressed concern to Betsy Johnson representatives that if Good Hope received HUD financing, Betsy Johnson might not be able to do so. 3. During this process, NCMCC provided confidential Good Hope documents to Betsy Johnson.)
- As a result of NCMCC's Vice Chairman's comment, Good Hope entered into a partnership with Triad Hospital Corporation (Triad). Triad agreed to provide cash to build Good Hope's replacement facility so financing was no longer needed. This partnership would have protected the 225 jobs at Good Hope, provided an immediate increase of more than \$35 million to Harnett County's tax base, with a projected increase to more than \$100 million, and provided access to improved health care services.
- Good Hope and Triad filed a Declaratory Ruling Request to approve the Good Hope/Triad partnership, increase the project size by 6,000 square feet, allow a modest increase in the cost of the project, and move the site of hospital approximately 6 miles, on the same highway as originally approved by the State but more centrally located in the county.

- After further opposition by Betsy Johnson, Good Hope was denied its Request for Declaratory Ruling by HRS. HRS stated that Good Hope's requests should be addressed by filing for a new CON.
- Good Hope/Triad then filed for a new CON. The 2003 CON public hearing lasted over five and a half hours with overwhelming support expressed by the public and Harnett Medical providers for the hospital planned by Good Hope/Triad. A public survey showed 84% support of the Good Hope/Triad hospital.
- The Good Hope/Triad CON request was denied by HRS.
- Good Hope/Triad filed an appeal of its CON denial. The appeal was heard by Senior Administrative Law Judge Fred Morrison. Judge Morrison ruled in favor of Good Hope on all issues and found that the State acted with bias against Good Hope. HRS rejected Judge Morrison's decision and refused to grant the 2003 CON. (Note: Fortunately, the law now provides that an Administrative Law Judge's decision is binding on the State as opposed to a recommended decision.)
- Good Hope also requested permission from the State to build a replacement hospital based on the law that allows an exemption to the CON laws when health and safety standards place patients at risk. HRS used this request as a basis to demand immediate repairs at Good Hope exceeding \$300,000 under threat of suspending Good Hope's license. HRS then denied Good Hope's exemption request.
- Former Governor Easley amended the State Health Facilities Plan, determining that there was a need for a fifty (50) bed hospital in Lillington.
- Good Hope/Triad applied for this new CON. Harnett Health System, consisting of Betsy Johnston Hospital with WakeMed as its manager, filed a competing CON application. (Note: This action represented a tacit admission by Betsy Johnson that Harnett Co. could support more than one hospital.)
- The State awarded the 2005 CON to Harnett Health. (Notes: 1. During the review process, Harnett County Commissioner Tim McNeill repeatedly stated in public that he was informed by a high ranking state official that Good Hope would not be granted the 2005 CON 2. Good Hope learned years later that Senior Analyst Michael B. McKillip's original finding was to award the 2005 CON to Good Hope/Triad, but his recommendation was overturned by senior management, and the 2005 CON was awarded to Harnett Health. Mr. McKillip testified that to his knowledge, such an original finding had never been overturned before. No record of Mr. McKillip's decision was ever given to Good Hope in the discovery process.

- Good Hope Trustees determined that Harnett Health has no interest in inpatient mental health services and requested the State to grant Good Hope permission to reopen 16 inpatient mental health beds at Good Hope's former campus.
- After five (5) years of discussions, and with the assistance of Rep. David Lewis, the State granted Good Hope permission to use 12 beds from its 2001 CON and the State transferred 4 additional beds from Dix to Good Hope. This action was accomplished by administrative action by HRS Director.
- Representatives from Good Hope, Rex Healthcare and FirstHealth met with the HRS staff and its attorney to discuss a proposal to open an Ambulatory Surgery Center (ASC) based on 2001 CON and 2009 Settlement Agreement. The attorney for HRS expressed no legal concerns about the proposed request. The main question asked by the staff concerned whether or not Good Hope expected opposition from WakeMed/Harnett Health.
- Rex and FirstHealth attorney filed a Declaratory Ruling Request to reestablish Good Hope's outpatient surgery services by establishing an Ambulatory Surgery Center (ASC). WakeMed/Harnett Health filed objections.
- Rex and FirstHealth's declaratory ruling request to establish an ASC with Good Hope is denied. The denial mirrors objections listed by WakeMed/Harnett Health.
- Good Hope met with Representative David Lewis regarding the denial of Rex and FirstHealth's request to build an ASC with Good Hope.
- Good Hope was informed by Rep. Lewis that HRS Director Pratt recommended that Good Hope resubmit the Request for Declaratory Ruling and that Rep. Lewis should confer with WakeMed CEO Bill Atkinson about the Good Hope ASC.
- After WakeMed/Harnett Health filed objections, HRS Director denied Good Hope's request. (Note: There is precedent in earlier Declaratory Rulings that support approval of Good Hope's request.)

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- The State is well aware that the clock is running on Good Hope's 2009 Settlement Agreement and nearly one year has elapsed since Good Hope began following the State's suggested path for achieving the ASC modification of the 2009 Settlement Agreement. Nevertheless, not only has the State denied permission to build said ASC, it has also denied any extension of time for the Settlement Agreement.